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January 15, 2013
TRC Solutions Project No. 192355

Mr. Gary Moore
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**Re: Daily Progress Report
Falcon Refinery Superfund Site
Ingleside, San Patricio County, Texas
TXD 086 278 058**

Dear Mr. Moore:

On behalf of Lazarus Texas Refinery I, LLC, (Lazarus), TRC Solutions (TRC) submits this Daily Progress Report on the Removal Action Activities at the Falcon Refinery Federal Superfund Site to the United States Environmental Protection Agency for your review.

If you have any questions, comments, or concerns, please do not hesitate to contact me at (361) 522-1935.

Sincerely,
TRC

Alonzo G. Arredondo
Senior Geologist

Attachment: Daily Progress Report
cc: Lazarus Texas Refinery I, LLC

DAILY PROGRESS REPORT - Falcon Refinery Federal Superfund Site, Ingleside, TX;

1. DAILY PROJECT ACTIVITIES COMPLETED ON JANUARY 7, 2013

The following activities were conducted today.

- Lazarus held planning meetings with workers for January 2013. Workers also gathered equipment (pumps, hoses, diesel fuel, and generators).
- Lazarus received and reviewed pricing agreements from U.S. Ecology for the disposal of K169 hazardous waste that is currently contained in four boxes at the site.

2. WORKERS ON-SITE THIS PERIOD

Personnel	Period	Task / Subtask
TRC Environmental Corporation		
Alonzo G. Arredondo, Senior Geologist	Jan. 7, 2013	Inspection of Site & Superior's Tank 13 leak abatement.

3. STATUS OF TANK 13

At approximately 4:30 a.m. on December 26, 2012, an employee of Superior Crude Gathering Corp was making a routine inspection of the Falcon Refinery facility when he observed crude oil leaking from Tank 13. The oil was leaking from the base on the south side of the tank on to the adjacent ground.

A backhoe was brought to the site and a trench was excavated for the purpose of intercepting and capturing the crude oil flowing from the tank. Superior brought a yard truck with pump to Tank 13 and began removing crude from the trench and recirculating it into Tank 13. The pumping of crude to the barge dock from Tank 13 was also initiated and loaded onto a barge. Superior plans to pump crude oil from Tank 13 until it is empty. Three barges were in place at the barge dock as of midday Wednesday (Dec. 26, 2012).

Superior estimates the initial crude volume tank approximately 30+ feet (~ 62,461 bbl.) of oil in Tank 13. A rough estimate of the oil leaking from the southeast base of Tank 13 is approximately 3 to 5 gallons per minute.

On December 27, 2012 Superior continued to pump crude from Tank 13 onto barges located at the barge dock. Crude oil was also pumped from the trench and recirculated into Tank 13 to prevent the release of crude beyond the collection trench. Late in the afternoon Superior estimated 10 feet (~ 20,820 bbl.) of crude oil remained in Tank 13.

On December 28, 2012 Superior continued to pump crude from Tank 13 onto barges located at the barge dock. Crude oil was also pumped from the trench and re-circulated into Tank 13 to prevent the release of crude beyond the collection trench.

On December 31, 2012 Superior continued to pump crude from Tank 13 onto barges located at the barge dock, but pumping was slowing down at the levels in Tank 13 were only about 2 feet. Today the leak from the base of Tank 13 is slowing. This is probably due to the lesser amounts (reducing hydrostatic pressure)

of crude in Tank 13. Superior was planning to cease pumping to the barge docks with the large pumps because the large pump was sucking air. The plan was to utilize a yard truck w/pump at Tank 13 to enable pumping to the barge dock without sucking air. Crude oil was also pumped from the collection trench and re-circulated into Tank 13 to prevent the release of crude beyond the collection trench.

On January 2, 2013 Superior continued to re-circulate crude from the collection trench into Tank 13. Superior had a contractor bring two vacuum boxes to prepare for the cleaning of Tank 13. According to the contractor, about 1 foot of crude oil remains in Tank 13. Superior plans to remove the remaining crude oil in Tank 13 and transfer it into Tank 15 with their tanker trucks (with 130 bbl. capacity). This is to allow Superior to pump crude from Tank 15 to the barge dock.

On January 3, 2013 Superior has emptied the tank. There are no leaks from the tank. The trench has been emptied and only contains approximately 6 inches of crude in a limited area of the trench. Superior's tank cleaning contractor has additional equipment in the Tank 13 area. It appears this is preparation for cleaning Tank 13. Overall the activities to abate and address the Tank failure have been somewhat responsive.

On January 4, 2013 Superior has contractors removing soil below the tank cleanout door emptied the tank. There are no leaks from the tank. The trench contains approximately 6 inches of crude in a limited area of the trench. Superior's tank cleaning contractor has additional equipment in the Tank 13 area.

On January 7, 2013 Superior has contractors installing roof cranks to raise the internal floating roof. There are no leaks from the Tank 13. The trench contains approximately 6 inches of water in a limited area of the trench. Superior's tank cleaning contractor has a super sucker and additional equipment in the Tank 13 area.